

o-113-19

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION UK00003259981
BY UK SMILEYGROWTH INT'L CO., LTD
TO REGISTER THE FOLLOWING TRADE MARK IN CLASS 21**

SMILEYGROWTH

AND

**OPPOSITION THERETO (NO. 411352)
BY THE SMILEY COMPANY SPRL**

Background and pleadings

1. SK SMILEYGROWTH INT'L CO., LTD ("the applicant") filed UK trade mark application 3259981 on 28 September 2017 to register the word mark SMILEYGROWTH ("the applied for mark") for specified goods in class 21. The application was published in the Trade Marks Journal on 13 October 2017. Registration of the marks is opposed by THE SMILEY COMPANY SPRL ("the opponent") relying on EU trade mark EU013304589 ("the earlier mark"), which is a word mark, SMILEY. The earlier mark was filed with the EU Intellectual Property Office on 23 January 1998 and registered on 18 April 2008 for specified goods in class 21. The opponent relies on section 5(2)(b) of the Trades Mark Act 1994 ("the Act") to oppose the application for registration.
2. The opponent filed a notice of opposition and statement of grounds and the applicant a notice of defence and counterstatement in which they put the opponent to proof of use of their earlier mark for all of their class 21 goods.
3. On 31 May 2018 the opponent filed their evidence, comprising a statement of Nicolas Loufrani together with exhibits. No other evidence was filed by either party. On 6 September 2018 the opponent filed written submissions. No written submissions were received from the applicant and neither party requested a hearing. This decision is therefore reached following a careful consideration of all the papers.
4. The applicant is represented by RevoMark and the opponent by Baker & McKenzie LLP.

The opponent's specification

5. The earlier mark has the following registered specification in class 21:

Non-electric kitchen utensils and containers (not of precious metal or coated therewith), combs, brushes (except paint brushes), drinking troughs, thermally insulated containers for food, litter boxes (trays) for pets, watering devices, works of art of porcelain, terra-cotta or glass, table plates, not of precious metal, pressure cookers, non-electric, brooms, shaving brushes, cocktail sticks, baby baths (portable), heaters for feeding bottles, non-electric, bottle gourds, beer glasses, glass jars (carboys), bread bins, soap boxes, tea caddies, not of precious metal, boxes of metal, for dispensing paper towels, boxes of glass, bowls (basins), demijohns, candy boxes, not of precious metal, corkscrews, kettles, non-electric, bottles, bottle openers, pitchers, toothbrushes, perfume burners, cabarets (trays), not of precious metal, coffee services, not of precious metal, coffee-pots, non-electric, not of precious metal, decanters, menu card holders, stew-pans, chamois leather for cleaning, shoe horns, shoe trees (stretchers), egg cups, not of precious metal, baskets, for household purposes, not of precious metal, cosmetic utensils, covers for dishes, pot lids, crystal (glassware), pots, mixing spoons (kitchen utensils), cooking pot sets, cookery moulds, cooking utensils, non-electric, toothpicks, cutting boards for the kitchen, deodorising apparatus for personal use, trivets (table utensils), toilet paper holders, soap dispensers, signboards of porcelain or glass, sponges for household purposes, toilet sponges, dusting cloths (rags), earthenware, strainers for household purposes, flower pots, gardening gloves, gloves for household purposes, ice buckets, cool boxes, portable, non-electric, moulds (ice cube), goblets, not of precious metal, drinking flasks for travellers, insect traps, clothes pegs, crumb trays, moulds (kitchen utensils), toilet cases, picnic baskets (including dishes), soap, paper towel and toilet paper dispensers, perfume vaporisers, ironing boards, pepper pots, not of precious metal, goods of porcelain, knife rests for the table, pottery, dustbins, dishes for table waste, napkin rings, not of precious metal, egg timers (sand glasses), insulating bags, services (tableware), not of precious metal, napkin holders, not of precious metal, piggy banks, not of metal, cloths for cleaning, urns, not of precious metal, glass (receptacles).

6. As can be seen the terms are separated by commas. Some of the limitations are also separated by commas (for example: “table plates, not of precious metal” or “pressure cookers, non electric”). Due to the comma usage, when read literally the limitations become meaningless standalone individual items. In this decision I will therefore apply the specification below. I do so out of fairness to the parties, particularly the applicant, as otherwise the opponent will benefit from terms shorn of their limitations and therefore a wider specification than that which it appears the registration was sensibly intended to cover:

Non-electric kitchen utensils and containers (not of precious metal or coated therewith); combs; brushes (except paint brushes); drinking troughs; thermally insulated containers for food; litter boxes (trays) for pets; watering devices; works of art of porcelain, terra-cotta or glass; table plates, not of precious metal; pressure cookers, non-electric; brooms; shaving brushes; cocktail sticks; baby baths (portable); heaters for feeding bottles, non-electric; bottle gourds; beer glasses; glass jars (carboys); bread bins; soap boxes; tea caddies, not of precious metal; boxes of metal, for dispensing paper towels; boxes of glass; bowls (basins); demijohns; candy boxes, not of precious metal; corkscrews; kettles, non-electric;

bottles; bottle openers; pitchers; toothbrushes; perfume burners; cabarets (trays), not of precious metal; coffee services, not of precious metal; coffee-pots, non-electric, not of precious metal; decanters; menu card holders; stew-pans; chamois leather for cleaning; shoe horns; shoe trees (stretchers); egg cups, not of precious metal; baskets, for household purposes, not of precious metal; cosmetic utensils; covers for dishes; pot lids; crystal (glassware); pots; mixing spoons (kitchen utensils); cooking pot sets; cookery moulds; cooking utensils, non-electric; toothpicks; cutting boards for the kitchen; deodorising apparatus for personal use; trivets (table utensils); toilet paper holders; soap dispensers; signboards of porcelain or glass; sponges for household purposes; toilet sponges; dusting cloths (rags); earthenware; strainers for household purposes; flower pots; gardening gloves; gloves for household purposes; ice buckets; cool boxes, portable, non-electric; moulds (ice cube); goblets, not of precious metal; drinking flasks for travellers; insect traps; clothes pegs; crumb trays; moulds (kitchen utensils); toilet cases; picnic baskets (including dishes); soap; paper towel and toilet paper dispensers; perfume vaporisers; ironing boards; pepper pots, not of precious metal; goods of porcelain; knife rests for the table; pottery; dustbins; dishes for table waste; napkin rings, not of precious metal; egg timers (sand glasses); insulating bags; services (tableware), not of precious metal; napkin holders, not of precious metal; piggy banks, not of metal; cloths for cleaning; urns, not of precious metal; glass (receptacles).

The earlier mark and requirement for proof of use

7. An earlier trade mark is defined in section 6 of the Act, the relevant parts of which state:

“6.(1) In this Act an “earlier trade mark” means –

(a) a registered trade mark, international trade mark (UK) or Community trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks.

(2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.”

8. The EU trade mark relied upon by the opponent is therefore an earlier trade mark as defined by section 6. It is also subject to proof of use as set out in section 6A of the Act which states:

“6A Raising of relative grounds in opposition proceedings in case of non-use

(1) This section applies where –

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark in relation to which the conditions set out in section 5(1),(2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

(a) within the period of five years ending with the date of publication of the application the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) the earlier trade mark has not been so used, but there are proper reasons for non-use.

(4) For these purposes –

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(5) In relation to a Community trade mark, any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for purposes of this section as if it were registered only in respect of those goods or services.”

9. The relevant period for proof of use is the five year period ending on the date of publication of the application, namely **14 October 2012 to 13 October 2017.** The onus is on the opponent, under section 100 of the Act, to show genuine use of its mark during this period in respect of the goods relied on.

Evidence

10. The opponent’s evidence is provided by its Director, Nicolas Loufrani, a position he has held since the incorporation of the company on 22 February 2008. His statement is dated 31 May 2018. He explains that the opponent is a brand

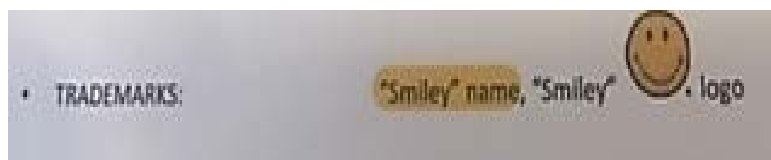
licensing company and states that it is “*considered to be one of the top 150 licensing companies in the world currently.*” He says:

“The Opponent currently has over 300 licensees globally generating annual turnover of around \$265 million and selling more than 23 million a year in areas such as publishing, stationary, clothing, footwear, gifts, toys, homeware, gardenware and kitchenware.”

11. Mr Loufrani does not give an income figure for the EU alone but explains at paragraph 7 that through authorised licensees the opponent sells a variety of products in the EU. He states:

“Of particular relevance to these opposition proceedings, are the SMILEY licenced home, garden and kitchenware such a[s] plates, bowls, mugs, aprons, towels, cutlery and flowerpots, all of which prominently feature the iconic SMILEY trade mark.”

12. Extracts from example licenses are exhibited at NL1 which I am told are illustrative of license agreements for the earlier mark in place in the EU for the class 21 goods in play during the relevant period. The example licenses I have been given cover the licensed use of two trade marks, “the “Smiley” name” (which is the earlier word mark) and the “Smiley logo”. An example from page 10 of NL1 is:



I am concerned here, however, with the earlier word mark alone.

13. In short, the licenses operate by granting the licensees use of the trade marks and other intellectual property rights for a set period in a set territory. There is also a prescribed distribution network. The license covers the manufacture, distribution and sale of a prescribed list of licensed products. Under the terms of the license the licensee is obliged to develop a full line of the listed licensed products for each of the trade marks¹.
14. There are various other controls within the license terms including that the licensed products and related materials displaying the trade marks must meet standards set by the licensor. For example, paragraph 5.1 of the license agreement between Smileyworld Limited and Butlers GmbH & CO KG states:

“All LICENSED PRODUCTS and related material displaying the TRADEMARKS and COPYRIGHTS, such as, but not limited to, containers, packaging, wrapping materials, labels, hang-tags, advertising materials, promotional materials, catalogues, artwork and other pictorial and textual materials to be used in connection with the LICENSED PRODUCTS, (collectively the “LICENSED PRODUCTS/MATERIALS”) must meet the standards of nature and quality prescribed by LICENSOR.

All LICENSED PRODUCTS/MATERIALS shall be of industry standards and of such quality as will, in the LICENSOR’S reasonable judgement, protect and enhance the TRADEMARKS and COPYRIGHTS and the substantial goodwill pertaining thereto, and in all cases the quality shall be at least as high as the quality of samples approved by LICENSOR...”

¹See, for example, clause 1.1 of the license agreement between Smileyworld Limited and Butlers GmbH & CO KH at page 12 of NL1.

15. The licensee is obliged to submit a further Supplier/Subcontractor Contract, details of which I do not have, but the license extracts I do make clear that concepts and samples for all licensed products must be submitted at each stage of development, including pre-production samples. The licensee is prohibited from manufacturing, distributing, selling or using the licensed products, without the licensor's written approval of pre-production prototypes or samples of the licensed products/materials.²
16. The licences incorporate obligations on the licensee to fund a consumer marketing budget and there are timetables for designs, samples, product launch, marketing materials and other promotions. For example,³:

# of SKUs per product per collection	Collection Seasons	Start of Design Period Date	Design Approval Date	Pre-production Sample Approval Date	Sell in launch Date	Marketing materials approval Date	All Trade shows (name & Date)	Communications +Press + Promotion launch Date	Sell out\ Launch In Store Date	List of Retailers by Country
10 to 15	15.07.2015	immediately	As soon as design period is done	4weeks after design approval	01.03.2016	4 weeks after design approval	No trade shows	Around November (to be in the magazines in February) till beginning of February	31.12.2016	BUTLER S Group

17. Mr Loufrani states at paragraph 8 of his statement:

*“All licensees are contractually obliged to place the SMILEY hologram on SMILEY licenses products, which consists of the SMILEY wordmark and the SMILEY Logo as shown on **Exhibit NL5.**”*

18. I cannot find that particular contractual obligation within the license extracts I have been provided with at NL1. NL5 depicts a series of holograms which incorporate the earlier mark together with the Smiley Logo and a code:

² See for example clause 5.3 at page 13 of NL1

³ Taken from page 10 of NL1



19. I understand these to be holographic stickers to be affixed to the licensed products or their packaging. Examples of them applied to products or packaging can be seen at pages 207 and 210 of NL3:



The first two images from page 207 also show the earlier word mark being directly applied to the base of the good.

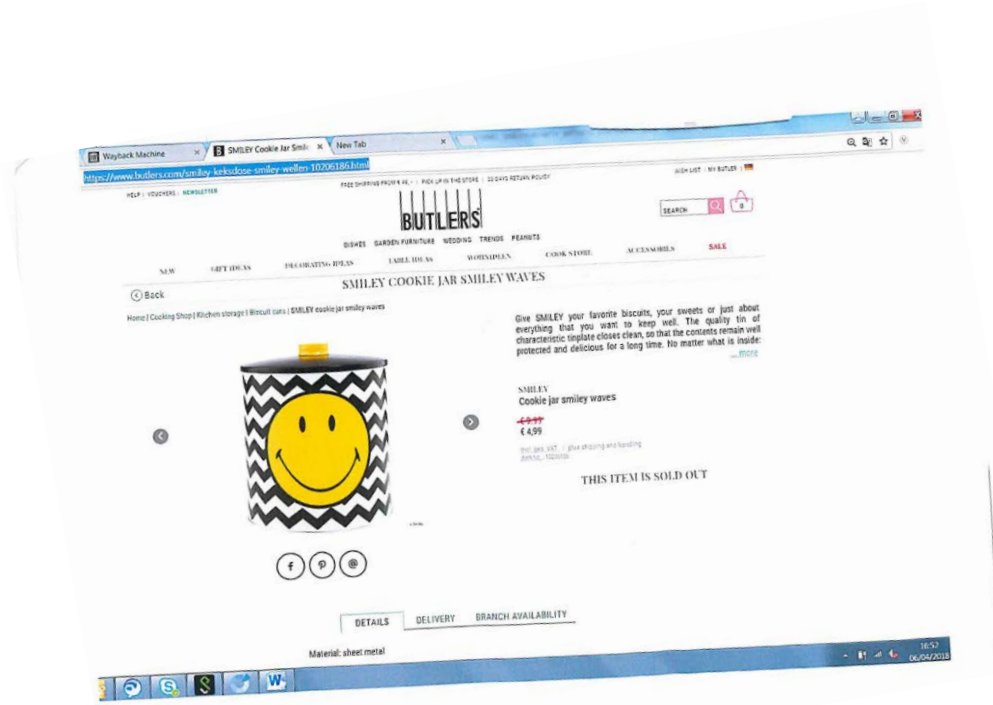
20. It is clear from the license extracts that the licensor receives royalty payments, although the detail of the arrangements has been removed from the license extracts that I have. It would also appear that the licensor is also entitled to itself directly distribute the products manufactured by licensees which it can purchase at a discounted price⁴.

⁴ See for example page 10 of NL1 “*LICENSED PRODUCTS DIRECTLY DISTRIBUTED BY LICENSOR (or any affiliated company, including notably Smiley Factory Limited): LICENSOR expects a thirty percent (30%) discount on the AVERAGE RETAIL PRICE on all order to be fulfilled by LICENSEE.*”

21. The license agreements at NL1 are all with Smiley World Limited as the licensor, a company based in the UK. The opponent, and registered proprietor of the earlier mark, is The Smiley Company SPRL, which Mr Loufrani explains is a corporation incorporated under the laws of Belgium. The evidence does not explain the relationship between the two. The license extracts state that the licensor is “duly authorised to represent and license certain proprietary rights, including but not limited to trademarks...” The opponent’s evidence has not been challenged by the applicant. In the absence of evidence to the contrary I am satisfied the opponent has authorised the licensor to license the earlier mark. The company names suggest they are linked as part of a group of European companies with Smiley Word Limited being the UK arm and/or a parent and subsidiary company arrangement.
22. The license agreements all display the earlier mark at the top of each document. I will not summarise the license agreement extracts in detail but I have taken their content into account and they do span the relevant period, running from 1 August 2010 to 31 December 2018⁵. The licensees include Butlers GmbH & CO KG in Germany, CREATIVANDO s.r.l. in Italy, Incidence SAS in France, NICI GmbH in Germany, Pyramid Posters in the UK, Serax in Belgium, Thermos International Trading Ltd in Taiwan, Thermos L.L.C. in the USA, KonitzPorzallan in Germany and ZAK Designs Europe AG in Switzerland. They also show the licensees being permitted to distribute the licensed products across various wider countries within the EU. This includes permitted distribution within the UK for Butlers, Creativando, Incidence SAS, NICI, Pyramid Posters, Serax, and Zak Designs.
23. In terms of use of the earlier mark by those licensees, NL3 is, according to Mr Loufrani, printouts from websites illustrating products being sold under the earlier mark in the EU. He states that these are merely a selection by way of

⁵ These dates are outside the relevant period however the respective end and start dates of the license agreements span the relevant period.

example of SMILEY products sold under licence during the relevant period. For Butlers at pages 179 - 181 there are printouts from www.butlers.com, dated 22 March and 6 April 2018 demonstrating 3 products available to buy including a cookie jar/sweet tin. The word “SMILEY” features several times in the product descriptions. The printouts are in English but the website displays the German flag and the prices are in Euros. For example:

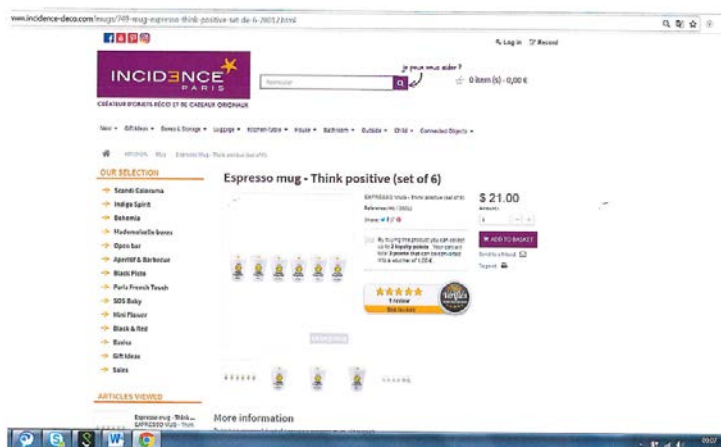


24. At pages 182 to 185 there are photographs which I am told are pictures of SMILEY products for sale in a Butlers store (I am not told which store). The photographs are not dated. The products displayed or the shelving units do not show, to the best I can see the earlier word mark.
25. Exhibit NL4 includes invoices which Mr Loufrani states were issued by licensees for products sold in France, Germany and the UK between 2014 and 2017. Pages 508 to 547 relate to Butlers for the period 13 June 2016 through to 15 February 2017. They show delivery of goods from Germany to Malta, Luxembourg, Budapest, Greece, the Czech Republic, and Butlers Trading Ltd

in Cambridgeshire. Some of the invoices are in German alone and the translations found in the product code listings in NL6 do not provide a translation for all the goods. However, those invoices which are presented in English or have a translation show delivery of goods including cookie tins, coffee tins, glass coasters, plate coasters, washbags, plates, cups, saucers, bowls, trays, tea light holders, flower pots, round tins, placemats, and cooling lunch bags. The word “SMILEY” features in the product descriptions on the invoices. Exhibit NL6 includes images of various Butlers products including the image of the bottom of a round tin displaying the earlier word mark and the holographic sticker:



26. For Incidence, NL3B shows a printout, dated 22 March 2018, from what appears to be a French website www.incidence-deco.com:



It is a set of 6 espresso mugs. The webpage is in part translated to English but the prices are shown in US dollars. To the best that I can see, the earlier mark does not feature on the page or on the goods displayed and the product is described as “Think positive.”

27. Pages 578 to 556 of NL4 are invoices from Incidence Paris. They are for deliveries over the period 8 January 2014 to 10 October 2017. The goods are delivered to France, Germany, and in the UK, to London and Wokingham. Many of the product descriptions are in French but for some a translation is provided through the product code spreadsheet at NL6 (although not all product codes on the invoices have a translated entry). Many of the product descriptions on the invoices themselves do not feature the earlier mark but instead refer to “Happy colors” or “Think positive”⁶. Mr Loufrani states these are ranges licensed by the opponent and that the goods will have the SMILEY hologram affixed to them. The spreadsheet at NL6 includes images for some of the goods identified by product code, some of which do display the word SMILEY in some form on the product or its packaging, and some also the holographic sticker. For example:

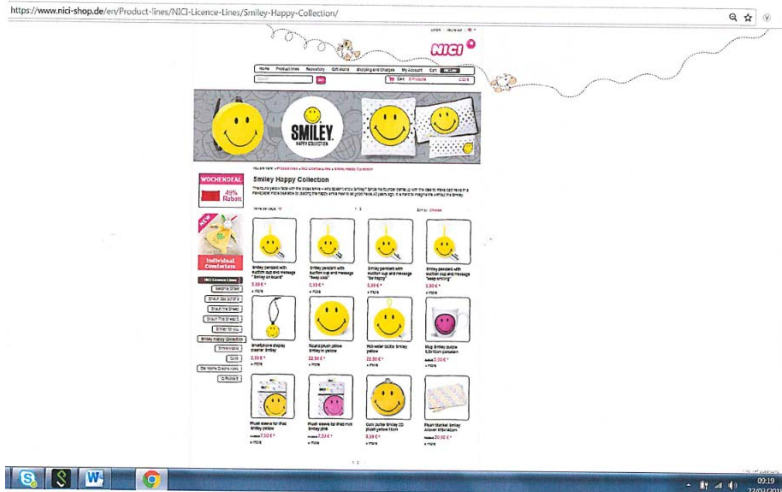


⁶ Only the pencil jars and some of the mugs, cases and make up cases make reference to “Smiley” or “Smiley colour” or “Smiley Metallic.”



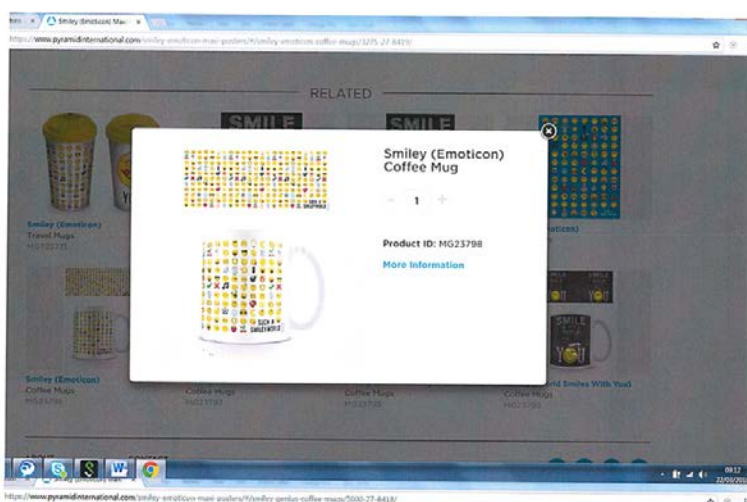
The rear of the first tray shown also refers to the “Happy colors” range. The rear of the second tray and the mug show they are part of the “Think positive” range. The products shown to be delivered on the invoices (where in English or a translation is available) include mugs, plates, and sets of plates, glasses, metal boxes, insulated travel mugs, paper baskets, hair brushes, dish towels, boxes, espresso mugs, trays, napkin dispensers, and brushes and dustpans.

28. Turning to NICI, NL3D is a printout of products for sale at www.nici-shop.de.



The goods available to buy include a mug. The web pages are dated 22 March 2018. The pages are in English with prices in Euros. The word “SMILEY” features prominently at the top of the page and in all of the product descriptions.

29. Exhibit NL3C are printouts from www.pyramidinternational.com dated 22 March 2018. It is not clear if they are products available to buy on the internet as no prices are displayed. The products shown are mugs, a travel mug and a poster. The product descriptions all display the word “Smiley.” Some of the products themselves display on the face of the goods the word “SMILEYWORLD”, for example in “SUCH A SMILEYWORLD” on page 190:



30. Exhibit NL3G are printouts from amazon.co.uk. There are mugs at 200, 201, 202 and 203 which are attributed to Pyramid International. The screenshots are dated 22 March 2018 and 2 April 2018. The product descriptions all make reference to being “Smiley” official boxed mugs. Again, some of the mugs themselves display the message “SUCH A SMILEYWORLD.”
31. Exhibit NL3E, dated 22 March 2018, shows products for sale at www.bohero.eu. The menu shown displays a list of brands, one of which is “Smiley” which appear to be sold as a sub brand of a label “Serax.” The website is available in English and the prices are in Euros. All of the goods shown to me use “Smiley” in the product description. Products shown for sale include trios of pots, and mugs.
32. No evidence has been supplied for use of the earlier mark by the licensees Thermos International Trading Limited or Thermos L.L.C. Mr Loufrani states that NL3I shows products sold by KonitzPorzellan GmbH. It shows the egg cup and the tea pot referred to at paragraph 19 above. No date is given and nor is there any indication of whether, where and for how much the product can be bought. For Creativando, NL3J shows at page 209 a drink bottle available to buy on their website. It is clearly referred to as a “Smiley” product in the description. The screenshot is dated 17 April 2018. The price is in Euros with shipping available within Italy and to wider Europe. Page 210 is the trivet or saucepan mat referred to at paragraph 19 above which Mr Loufrani also attributes to Creativando. Again, the image is undated and there is not any indication of whether, where and for how much the product can be bought.
33. For Zak Designs Europe AG, Mr Loufrani states that NL2 is a website printout illustrating the products sold by them which he states is representative of the period October 2012 to October 2017. The product list shown include plates, spoons, tumblers, ceramic tealights, breakfast sets (bowl and spoon), dinnerware sets (plate, bowl and tumbler), baby sets (bowl, spoon and baby

cup), mugs, bowls, sandwich boxes, flatware sets (tin with fork and spoon), picks, egg cups, bottles, porcelain cups, snack boxes, mini hot beverage tumblers, party straws, 6 piece sets [bag, plate, bowl, spoon, mug, cup], double wall ice tumblers, trays, bottles with straws, salad sets (bowl with 2 serving spoons), cutting boards, shot glasses, and tin boxes. The product list is headed by the large word “smiley” on page 141 and most of the product descriptions incorporate the earlier mark or a variation. Some do not but instead refer to “emoticons.” The screenshot is dated 6 March 2018. There is no indication of prices or the option to buy online for the individual listings. Page 201 of NL3G shows a drinking bottle with a straw for sale on www.amazon.co.uk which is described as dispatched from and sold by Zak Designs and that it originates from “Smiley.” The price is in pounds and can be delivered to the UK at extra cost. The screenshot is dated 2 April 2018.

34. Pages 472 to 507 are invoices relating to goods provided by Zak Designs to businesses in Germany, France, Budapest, Italy, and Spain over the period 17 June 2015 to 8 April 2016. Many of the product descriptions are in German but it is possible to translate some of them via the product codes at NL6. Those that are in English, or are translatable via the product codes, include lunchboxes with cutlery, dinnerware three piece sets, various plates, drinking bottles, bottles with straws, cups, double wall ice tumblers, place mats, breakfast sets, hot beverage tumblers, straws, lunchboxes with cutlery, pitchers, bowls, cereal bowls, bowls with spoons, tumblers, spoons, breakfast sets, egg cups, sandwich boxes, mugs, cutting boards, flatware sets, baby feeding sets, straws, and snack boxes.
35. NL3F is a “Smiley World” water bottle available to purchase at www.claire.com. The price is shown in pounds. The screenshot is dated 22 March 2018.
36. The bottom of page 202 of NL3G is a ceramic mug available to purchase at amazon.co.uk. It is described as “by Smiley” and the mug itself displays the

text “SMILEYWORLD” together with a winking smiley face picture. It does not identify any other third party distributor or licensee (other than Amazon). The price is in pounds with free UK delivery potentially available. The screenshot is dated 2 April 2018.

37. Mr Loufrani explains that NL3H are pages from the Way Back Machine from 8 February 2015. The pages show items including plates, mugs, frying pans, flasks and oven gloves for sale at www.smiley.com. The mark is shown at the top of the web page and the goods themselves are all described as “Smiley” or “SmileyWorld.” The prices are in pounds and it would appear they can be bought online as there is a “shopping basket” symbol at the top of the page.
38. NL7 and NL8 contain marketing material. Pages 621 and 622 are articles which Mr Loufrani states are from www.licensing.biz and www.licensemag.com from 8 March 2017. They announce the expansion of The Smiley Company’s presence across the German market with a new deal with German retail chain, Rewe. The articles state there is a new exclusive line of kitchenware comprising biscuit tins, plates, trays, mugs, egg cups, thermos flasks and a spatula, available in more than 3000 locations throughout Germany and a catalogue promotion to promote a range of electrical equipment under a “Happy Breakfast” theme.
39. Pages 623 to 636 are various blogs from the website www.smiley.com. Page 623, dated 6 May 2016, announces a new partnership between “Smiley” and “one of Europe’s leading homeware retail chains, Butlers” and that the collection will be sold throughout 160 Butlers stores throughout Europe. It refers to a UK website www.butlers-online.co.uk and to 68 different product lines as part of a range of “Smiley Happy Décor” products including dining sets.
40. Pages 624 - 627, dated 16 June 2015, announces the latest “Smiley Happy collection” with NICI which features kitchenware. Pages 628 to 631, dated 9 May 2016, announce a new range of fruit inspired Smiley emoticons with NICI

including mugs. Pages 632 to 633 dated 11 January 2013 announce a new homeware range of “Smiley Happy Décor” for Serax. The pictures show flower pots and tea light holders.

41. Page 634, dated 20 December 2016, announces a new Smiley line with Incidence called “Smiley Original.” It mentions that the range will include make up bags, mugs, and kitchen accessories. Pages 635 and 636, dated 24 June 2014, announce that Incidence has opened a pop up store in Berlin featuring a “full range of Smiley World homeware products.”
42. NL8 features two blogs from 3 February 2016 and 24 January 2017 about exhibitions at the tradeshow Maison & Object in Paris. The 2016 article states that over 10 key licensees were showcasing their latest Smiley collections. The photographs from the tradeshow show various products on display, some featuring on the display units the words “SMILEY world.” The 2017 article refers to 7 licensees attending and “continuous growth in the home and gifting categories.”

Proof of use – the legal principles

43. In *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited* [2016] EWHC 52 Arnold J. summarised the case law on genuine use of trade marks. He said:

“I would now summarise the principles for the assessment of whether there has been genuine use of a trade mark established by the case law of the Court of Justice, which also includes Case C-442/07 *Verein Radetsky-Order v Bunderversammlung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223 and Case C-609/11 *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR 7, as follows:

(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Centrotherm* at [71]; *Leno* at [29].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Centrotherm* at [71]; *Leno* at [29].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34]; *Leno* at [29]-[30], [56].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].”

44. In considering the applicant's evidence, it is a matter of viewing the picture as a whole. In *Awareness Limited v Plymouth City Council* Case BL O/236/13 Mr Daniel Alexander Q.C. as the Appointed Person stated that:

"22. The burden lies on the registered proprietor to prove use...However, it is not strictly necessary to exhibit any particular kind of documentation, but if it is likely that such material would exist and little or none is provided, a tribunal will be justified in rejecting the evidence as insufficiently solid. That is all the more so since the nature and extent of use is likely to be particularly well known to the proprietor itself. A tribunal is entitled to be sceptical of a case of use if, notwithstanding the ease with which it could have been convincingly demonstrated, the material actually provided is inconclusive. By the time the tribunal (which in many cases will be the Hearing Officer in the first instance) comes to take its final decision, the evidence must be sufficiently solid and specific to enable the evaluation of the scope of protection to which the proprietor is legitimately entitled to be properly and fairly undertaken, having regard to the interests of the proprietor, the opponent and, it should be said, the public..."

"28. ...I can understand the rationale for the evidence being as it was but suggest that, for the future, if a broad class, such as "tuition services", is sought to be defended on the basis of narrow use within the category (such as for classes of a particular kind) the evidence should not state that the mark has been used in relation to "tuition services" even by compendious reference to the trade mark specification. The evidence should make it clear, with precision, what specific use there has been and explain why, if the use has only been narrow, why a broader category is nonetheless appropriate for the specification. Broad statements purporting to verify use over a wide range by reference to the wording of a trade

mark specification when supportable only in respect of a much narrower range should be critically considered in any draft evidence proposed to be submitted.”

45. Since the earlier mark relied upon by the opponent is an EU trade mark, I also bear in mind *Leno Merken BV v Hagelkruis Beheer BV*, Case C-149/11, in which the Court of Justice of the European Union noted that:

“36.It should, however, be observed that... the territorial scope of the use is not a separate condition for genuine use but one of the factors determining genuine use, which must be included in the overall analysis and examined at the same time as other such factors. In that regard, the phrase ‘in the Community’ is intended to define the geographical market serving as the reference point for all consideration of whether a Community trade mark has been put to genuine use...

50. Whilst there is admittedly some justification for thinking that a Community trade mark should – because it enjoys more extensive territorial protection than a national trade mark – be used in a larger area than the territory of a single Member State in order for the use to be regarded as ‘genuine use’, it cannot be ruled out that, in certain circumstances, the market for the goods or services for which a Community trade mark has been registered is in fact restricted to the territory of a single Member State. In such a case, use of the Community trade mark on that territory might satisfy the conditions both for genuine use of a Community trade mark and for genuine use of a national trade mark...

“55. Since the assessment of whether the use of the trade mark is genuine is carried out by reference to all the facts and

circumstances relevant to establishing whether the commercial exploitation of the mark serves to create or maintain market shares for the goods or services for which it was registered, it is impossible to determine a priori, and in the abstract, what territorial scope should be chosen in order to determine whether the use of the mark is genuine or not. A *de minimis* rule, which would not allow the national court to appraise all the circumstances of the dispute before it, cannot therefore be laid down (see, by analogy, the order in *La Mer Technology*, paragraphs 25 and 27, and the judgment in *Sunrider v OHIM*, paragraphs 72 and 77).”

46. The court held that:

“Article 15(1) of Regulation No 207/2009 of 26 February 2009 on the Community trade mark must be interpreted as meaning that the territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to ‘genuine use in the Community’ within the meaning of that provision.

A Community trade mark is put to ‘genuine use’ within the meaning of Article 15(1) of Regulation No 207/2009 when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the European Community for the goods or services covered by it. It is for the referring court to assess whether the conditions are met in the main proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.”

47. With regard to the extent of use necessary to show genuine use in the Community I bear in mind the guidance in *London Taxi* in which Arnold J. reviewed the case law since the *Leno* case and concluded as follows:

“228. Since the decision of the Court of Justice in *Leno* there have been a number of decisions of OHIM Boards of Appeal, the General Court and national courts with respect to the question of the geographical extent of the use required for genuine use in the Community. It does not seem to me that a clear picture has yet emerged as to how the broad principles laid down in *Leno* are to be applied. It is sufficient for present purposes to refer by way of illustration to two cases which I am aware have attracted comment.

229. In Case T-278/13 *Now Wireless Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* the General Court upheld at [47] the finding of the Board of Appeal that there had been genuine use of the contested mark in relation to the services in issues in London and the Thames Valley. On that basis, the General Court dismissed the applicant's challenge to the Board of Appeal's conclusion that there had been genuine use of the mark in the Community. At first blush, this appears to be a decision to the effect that use in rather less than the whole of one Member State is sufficient to constitute genuine use in the Community. On closer examination, however, it appears that the applicant's argument was not that use within London and the Thames Valley was not sufficient to constitute genuine use in the Community, but rather that the Board of Appeal was wrong to find that the mark had been used in those areas, and that it should have found that the mark had only been used in parts of London: see [42] and [54]-[58]. This stance may have been due to the fact that the applicant was based in Guildford, and thus a finding which still

left open the possibility of conversion of the Community trade mark to a national trade mark may not have sufficed for its purposes.

230. In *The Sofa Workshop Ltd v Sofaworks Ltd* [2015] EWHC 1773 (IPEC), [2015] ETMR 37 at [25] His Honour Judge Hacon interpreted *Leno* as establishing that "genuine use in the Community will in general require use in more than one Member State" but "an exception to that general requirement arises where the market for the relevant goods or services is restricted to the territory of a single Member State". On this basis, he went on to hold at [33]-[40] that extensive use of the trade mark in the UK, and one sale in Denmark, was not sufficient to amount to genuine use in the Community. As I understand it, this decision is presently under appeal and it would therefore be inappropriate for me to comment on the merits of the decision. All I will say is that, while I find the thrust of Judge Hacon's analysis of *Leno* persuasive, I would not myself express the applicable principles in terms of a general rule and an exception to that general rule. Rather, I would prefer to say that the assessment is a multi-factorial one which includes the geographical extent of the use."

48. The General Court restated its interpretation of *Leno Marken* in Case T-398/13, *TVR Automotive Ltd v OHIM* (see paragraph 57 of the judgment). This case concerned national (rather than local) use of what was then known as a Community trade mark (now a European Union trade mark). Consequently, in trade mark opposition and cancellation proceedings the registrar continues to entertain the possibility that use of an EUTM in an area of the Union corresponding to the territory of one Member State may be sufficient to constitute genuine use of an EUTM. This applies even where there are no special factors, such as the market for the goods/services being limited to that area of the Union.

49. Whether the use shown is sufficient for this purpose will depend on whether there has been real commercial exploitation of the EU trade mark, in the course of trade, sufficient to create or maintain a market for the goods/services at issue in the Union during the relevant 5 year period. In making the required assessment I am required to consider all relevant factors, including:

- (i) The scale and frequency of the use shown;
- (ii) The nature of the use shown;
- (iii) The goods and services for which use has been shown;
- (iv) The nature of those goods/services and the market(s) for them
- (v) The geographical extent of the use shown.

Sufficient proof of use – findings

50. Proven use of a mark which fails to establish that “*the commercial exploitation of the mark is real*” because the use would not be “*viewed as warranted in the economic sector concerned to maintain or create a share in the [European Union] market for the goods or services protected by the mark*” is therefore not genuine use.

51. An assessment of genuine use is a global assessment, which includes looking at the evidential picture as a whole, not whether each individual piece of evidence shows use by itself.⁷

52. Here the proprietor of the earlier mark is The Smiley Company SPRL whereas the licensor is Smiley World Limited. As set out at paragraph 21 above, I accept such licensing is with the authority of the opponent. I therefore treat such use as being use by the proprietor.

⁷ *New Yorker SHK Jeans GmbH &CO KG v OHIM T-415/09*

53. It is clear from Mr Loufrani's uncontested evidence that the opponent operates, primarily at least, as a licensing company. It licenses use of the earlier mark to licensees who manufacture and sell the goods. (It also appears from the exhibits that the opponent may also sell directly some of the licensed goods⁸.) Genuine use of the earlier mark by licensees within the relevant period and with the consent of the proprietor, is also deemed to be genuine use by the proprietor under section 6A of the Act⁹.
54. Mr Loufrani's evidence, at paragraph 8 of his statement, is that all licensees are contractually obliged to place a "SMILEY hologram" on SMILEY licensed products which consists of the SMILEY word mark and their additional Smiley logo¹⁰. I cannot see that specific direct obligation within the license agreement extracts I have. I can see examples of the mark being affixed, both in holographic sticker form and directly to the goods or their packaging at NL5 and NL3 and in other examples shown above. There are also other images in which the holographic sticker cannot be seen affixed. It is clear from the license agreement extracts that I do have that the licensor maintains control of the goods sold by its licensees, which is demonstrated in the control exercised over issues such as quality of manufacture, design, and marketing. It is logical that the opponent would require licensees to affix the earlier mark to the goods and related packaging and promotional materials. Further, Mr Loufrani's evidence is uncontested by the applicant. I therefore accept his evidence that licensed products produced would have the hologram affixed. I also find this amounts to trade mark use.

⁸ See for example NL3H

⁹As confirmed by the Appointed Person in *Einstein Trade Mark*, [2007] RPC 23: "It should, in my view, follow that the proprietor of a trade mark can claim protection defined by reference to use...by relying upon the fact that goods have been sold under his trade mark by a person (such as a licensee) with whom he is "economically linked" and can do so without showing that he has exercised control over the quality of the goods in question."

¹⁰ Shown at paragraph 18 above

55. The obligation to affix the earlier mark to goods produced under license, together with the example invoices between licensees and third party sellers at NL4, therefore shows commercial exploitation of the mark on relevant goods in the relevant period¹¹. Goods bearing the mark, were delivered for sale within the EU and within the UK (by Butlers and Incidence in particular). The Incidence invoices largely refer to the “Happy colors” or “Think positive” ranges rather than the “Smiley” range. However, the product descriptions and the example images in NL6 show that these are ranges licensed by the opponent and Mr Loufrani likewise confirms that they would have the hologram affixed to them. Again, I accept that uncontested evidence.
56. I also have some evidence (although not consistent in every case) of the mark functioning as an indicator of origin on the opponent’s own website, on the third party selling site Amazon, and by licensees on their own websites or the websites of their permitted distributors, some of which includes the UK. For example, some of the extracts from the website amazon.co.uk feature products for sale “by Smiley”. That is clear trade mark use:

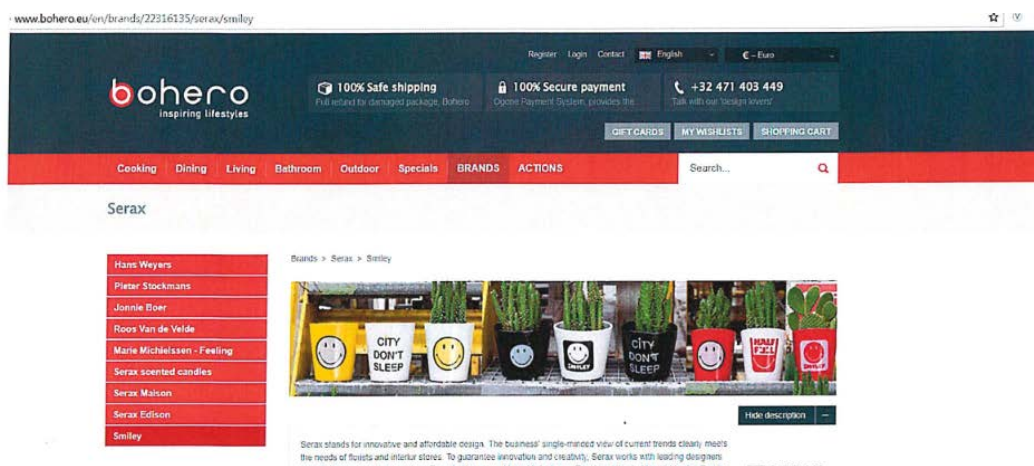


The opponent’s own website also displays the mark at the top of the product listings:

¹¹ In this regard I have noted there are duplicate invoices in the evidence filed by the opponent and I have not taken such duplication into account.



The mark also features as a listed brand name on the bohero website:



57. Some of this internet evidence, as well as advertising the products, includes the ability to buy online and to deliver to the UK. As summarised above, some of this evidence is from outside the relevant period, however, I accept Mr Loufrani's uncontested evidence that is representative of the period in question. I also have some evidence of use of the mark as an indicator of origin on the invoices themselves, although again that is not consistent in every case. I also have the mentions in the licensing trade publications at NL7, the display of the earlier mark by licensees at the tradeshow shown at NL8 and the obligations placed on licensees in the licence agreement extracts to fund a marketing budget.
58. The evidence is not without its deficiencies. For example, Mr Loufrani's gives an annual turnover of \$265 million a year but that is a global figure and will

include figures outside of the UK and the EU. The figure also includes use on many goods outside of the class 21 specification in play here, as indeed do some of the invoices relied upon. However, looking at the evidence in the round and concentrating on the goods that are within class 21, I find that there is sufficient evidence to show genuine use of the mark during the relevant period.

59. For completeness sake, I note a potential issue as to whether use of the earlier mark, where displayed on the face of the goods themselves¹², is use in a decorative sense, rather than trade mark use. However, even if I place such evidence to one side, I still accept that the opponent has demonstrated sufficient genuine use of the earlier mark. The holographic stickers are often show on the underside of the goods or on the packaging which is unlikely to be decorative use. Likewise expressing a product as being produced “by Smiley” or using it as a brand name under which products are listed for sale, would be trade mark use not decorative use.
60. I also note a potential issue as to whether some of the use shown to me is outside of the permitted scope of variant use. The earlier mark is at times used in conjunction with other words, in various stylisations, as part of different product ranges. For example, I have seen in use, “SMILEY HAPPY COLLECTION,” “SMILEY WORLD”, “SMILEYWORLD”, “SMILEY GIRL”, “SMILEY KID” and “SMILEY BABY”. The mark (or a variant form) is also sometimes shown in conjunction with the smiley face logo and with the licensee’s own mark.
61. In *Colloseum Holdings AG v Levi Strauss & Co*, Case C-12/12, the Court of Justice of the European Union found that use of a mark generally encompasses both its independent use and use as part of another mark taken as a whole or in conjunction with that other mark provided that the mark continues to be perceived as indicative of the origin of the product at issue.

¹² For example, on the mugs show at page 190

62. Here, where the opponent has displayed the earlier mark on the goods/packaging in conjunction with the mark of a licensee, that is acceptable use provided the particular version of the earlier mark relied upon still functions as the earlier trade mark in its own right¹³. The same principle applies to displaying the earlier mark in conjunction with the smiley face logo. Examples of such acceptable use where the earlier mark still functions as a trade mark in its own right are:



63. There are other variant forms where SMILEY is used as a prefix, sometimes conjoined and sometimes with a space before the suffix (such as stylised versions of “Smiley World” and “SmileyWorld”), where it is questionable whether the earlier mark ceases to function independently as an indicator of trade mark origin. I do not propose to consider these variant forms in any detail as I have accepted that the goods will have, at least, the holographic stickers affixed to them/their packaging and this along with the other evidence I have discussed earlier, is sufficient evidence of genuine and use by itself when combined with the invoices demonstrating production and delivery of the goods.
64. I also note that the license agreements with ZAK Designs Europe also license a different mark called “Smiley Happy Deco”. However, the majority of the actual use demonstrated on the invoices produced is the earlier mark and again

¹³ See for example *Castellblanch SA v OHIM, Champagne Louis Roederer SA* [2006] ETMR 61 (General Court)

I accept the evidence of Mr Loufrani that the goods themselves would have the earlier mark affixed via the holographic sticker. It is that actual use which is relevant.

Fair specification

65. I must now consider the extent to which the evidence shows use for all the goods relied upon and, if not, to arrive at a fair specification for the purpose of this opposition decision. In *Euro Gida Sanayi Ve Ticaret Limited v Gima (UK) Limited*, BL O/345/10, Mr Geoffrey Hobbs Q.C. as the Appointed Person summed up the law as being:

“In the present state of the law, fair protection is to be achieved by identifying and defining not the particular examples of goods or services for which there has been genuine use but the particular categories of goods or services they should realistically be taken to exemplify. For that purpose the terminology of the resulting specification should accord with the perceptions of the average consumer of the goods or services concerned.”

66. In *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors* [2016] EWHC 3103 (Ch), Mr Justice Carr summed up the law relating to partial revocation as follows:

“iii) Where the trade mark proprietor has made genuine use of the mark in respect of some goods or services covered by the general wording of the specification, and not others, it is necessary for the court to arrive at a fair specification in the circumstance, which may require amendment; *Thomas Pink Ltd v Victoria's Secret UK Ltd* [2014] EWHC 2631 (Ch) (“Thomas Pink”) at [52].

iv) In cases of partial revocation, pursuant to section 46(5) of the Trade Marks Act 1994, the question is how would the average consumer fairly describe the services in relation to which the trade mark has been used; *Thomas Pink* at [53].

v) It is not the task of the court to describe the use made by the trade mark proprietor in the narrowest possible terms unless that is what the average consumer would do. For example, in *Pan World Brands v Tripp Ltd* (Extreme Trade Mark) [2008] RPC 2 it was held that use in relation to holdalls justified a registration for luggage generally; *Thomas Pink* at [53].

vi) A trade mark proprietor should not be allowed to monopolise the use of a trade mark in relation to a general category of goods or services simply because he has used it in relation to a few. Conversely, a proprietor cannot reasonably be expected to use a mark in relation to all possible variations of the particular goods or services covered by the registration. *Maier v Asos Plc* [2015] EWCA Civ 220 ("Asos") at [56] and [60].

vii) In some cases, it may be possible to identify subcategories of goods or services within a general term which are capable of being viewed independently. In such cases, use in relation to only one subcategory will not constitute use in relation to all other subcategories. On the other hand, protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider to belong to the same group or category as those for which the mark has been used and which are not in substance different from them; *Mundipharma AG v OHIM* (Case T-256/04) ECR II-449; EU:T:2007:46."

67. I can find no evidence of use for:

Beer glasses; combs; drinking troughs; litter boxes (trays) for pets; watering devices; pressure cookers, non-electric; shaving brushes; baby baths (portable); heaters for feeding bottles, non-electric; bottle gourds; glass jars (carboys); bread bins; demijohns; corkscrews; kettles non-electric; bottle openers; toothbrushes; perfume burners; decanters; menu card holders; chamois leather for cleaning; shoe horns; shoe trees (stretchers); cosmetic utensils; covers for dishes; pot lids; crystal (glassware); mixing spoons (kitchen utensils); cookery moulds; deodorising apparatus for personal use; toilet paper holders; sponges for household purposes; toilet sponges; dusting cloths (rags); strainers for household purposes; gardening gloves; goblets, not of precious metal; insect traps; clothes pegs; crumb trays; moulds (kitchen utensils); perfume vaporisers; ironing boards; pepper pots, not of precious metal; knife rests for the table; dishes for table waste; napkin rings, not of precious metal; egg timers (sand glasses); urns, not of precious metal; coffee pots, non-electric, not of precious metal; ice buckets; picnic baskets (including dishes); cooking pot sets; cooking utensils non electric; piggy banks, not of metal; brooms; soap boxes; boxes of glass; soap dispensers; stew-pans; moulds (ice cube); cool boxes, portable non-electric; soap, [paper towel¹⁴] and toilet paper dispensers; and signboards of porcelain or glass.

68. I also find there is proven use, and that the terms adopted are a fair specification, for:

Non-electric kitchen utensils and containers (not of precious metal or coated therewith); brushes (except paint brushes); thermally insulated containers for food; table plates, not of precious metal; cocktail sticks; tea caddies, not of precious metal; boxes of metal, for dispensing paper towels; bowls (basins); candy boxes, not of precious metal; bottles; pitchers; cabarets (trays), not of precious metal; egg cups, not of precious metal; pots; toothpicks; cutting boards for the kitchen; trivets (table utensils); flower pots; gloves for household purposes; drinking flasks for travellers; toilet cases; goods of porcelain; pottery; dustbins; insulating bags; glass (receptacles); baskets, for household purposes, not of precious metal; works of art of porcelain, terra-cotta or glass; services (tableware), not of precious metal; earthenware; coffee services, not of precious metal; napkins holders, not of precious metal; and cloths for cleaning.

69. I understand “services (tableware)” to be sets of dishes used for setting a dining table, serving food and dining. The opponent has shown use for individual tableware items such as plates, bowls, mugs, cups, teapots, egg cups and glasses and also individual boxed sets of dinnerware and breakfastware. In my view the average consumer would fairly describe overall use as tableware services.

¹⁴ boxes of metal, for dispensing paper towels are found to be in use as a stand-alone item

70. A coffee service would be a set incorporating items such as coffee cups, saucers, a coffee pot a milk/cream jug, and a sugar bowl. I have no evidence of use for coffee pots but I have evidence before me which shows use for various coffee cups (including sets of cups), and saucers. Whilst clearly not the same as a coffee pot, I have seen evidence of use for a tea pot. In this instance I consider that to disallow coffee services would be to strip the proprietor of protection for goods which the average consumer would perceive as belonging to the same group as those for which the mark has been used and which are not, in substance, materially different. Coffee services can therefore fall within a fair specification. Similarly, given the broad range of individual items shown in use, a fair specification does include the wide terms, of pots, goods of porcelain, pottery and earthenware.

Section 5(2)(b)

71. Section 5(2)(b) of the Act states:

“5. - (2) A trade mark shall not be registered if because –
(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,
there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

72. The following principles are gleaned from the judgments of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-

120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P:

- (a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;
- (f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;
- (k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Comparison of goods

73. Applying the above fair specification, the goods to be compared are:

Opponent's goods	Applicant's goods
Non-electric kitchen utensils and containers (not of precious metal or coated therewith); brushes (except paint brushes); thermally insulated containers for food; table plates, not of precious metal; cocktail sticks; tea caddies, not of precious metal; boxes of metal, for dispensing paper towels; bowls (basins); candy boxes, not of precious metal; bottles; pitchers; cabarets (trays), not of precious metal; egg cups, not of precious metal; pots; toothpicks; cutting boards for the kitchen; trivets (table utensils); flower pots; gloves for household purposes; drinking flasks for travellers; toilet cases; goods of porcelain; pottery; dustbins; insulating bags; glass (receptacles); baskets, for household purposes, not of precious metal; works of art of porcelain, terra-cotta or glass; services (tableware), not of precious metal; earthenware; coffee services, not of precious metal; napkins holders, not of precious metal and cloths for cleaning.	Bowls; services [dishes]; dishes; tableware, other than knives, forks and spoons; drinking straws; cups; lunch boxes; pitchers; Serving trays; drinking flasks for travelers; baby baths, portable; thermally insulated containers for food; coffee cups; table plates; teapots; tea services [tableware]; Flower pots; utensils for household purposes; toothbrushes; insulating flasks.

74. When making the comparison, all relevant factors relating to the goods in the specifications should be taken into account. In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer*, the CJEU stated at paragraph 23 of its judgment:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.

75. The relevant factors identified by Jacob J. (as he then was) in *British Sugar Plc v James Robertson & Sons Limited* [1996] R.P.C. 281 for assessing similarity are:

- “(a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be, found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.”

76. I also remind myself of the guidance given by the courts on the correct interpretation of specifications. In *YouView TV Ltd v Total Ltd*, [2012] EWHC 3158 (Ch), Floyd J. (as he then was) stated:

“... Trade mark registrations should not be allowed such a liberal interpretation that their limits become fuzzy and imprecise: see the observations of the CJEU in Case C-307/10 *The Chartered Institute of Patent Attorneys (Trademarks) (IP TRANSLATOR)* [2012] ETMR 42 at [47]- [49]. Nevertheless, the principle should not be taken too far. Treat was decided the way it was because the ordinary and natural, or core, meaning of 'dessert sauce' did not include jam, or because the ordinary and natural description of jam was not 'a dessert sauce'. Each involved a straining of the relevant language, which is incorrect. Where words or phrases in their ordinary and natural meaning are apt to cover the category of goods in question, there is equally no justification for straining the language unnaturally so as to produce a narrow meaning which does not cover the goods in question”.

77. In *Gérard Meric v Office for Harmonisation in the Internal Market (Trade Marks and Designs) OHIM*) case T-133/05, the General Court (“GC”) stated:

“29 In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by the trade mark application (Case T-388/00 *Institut für Lernsysteme v OHIM – Educational Services (ELS)* [2002] ECR II- 4301, paragraph 53) or when the goods designated by the trade mark application are included in a more general category designated by the earlier mark (Case T-104/01 *Oberhauser v OHIM – Petit Liberto (Fifties)* [2002] ECR II-4359, paragraphs 32 and 33; Case T110/01 *Vedial V OHIM France Distribution (HUBERT)* [2002] ECR II-5275, paragraphs 43 and 44; and Case T- 10/03 *Koubi v OHIM – Flabesa (CONFORFLEX)* [2004] ECR II-719, paragraphs 41 and 42).”

78. In *Kurt Hesse v OHIM*, Case C-50/15 P, the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-325/06, the General Court stated that “complementary” means:

“...there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking”.

79. In *Sanco SA v OHIM*, Case T-249/11, the General Court indicated that goods and services may be regarded as ‘complementary’ and therefore similar to a degree in circumstances where the nature and purpose of the respective goods and services are very different, i.e. *chicken* against *transport services for chickens*. The purpose of examining whether there is a complementary relationship between goods/services is to assess whether the relevant public are liable to believe that responsibility for the goods/services lies with the same undertaking or with economically connected undertakings. As Mr Daniel Alexander Q.C. noted as the Appointed Person in *Sandra Amelia Mary Elliot v LRC Holdings Limited* BL-0-255-13:

“It may well be the case that wine glasses are almost always used with wine – and are, on any normal view, complementary in that sense - but it does not follow that wine and glassware are similar goods for trade mark purposes.”

Whilst on the other hand:

“...it is neither necessary nor sufficient for a finding of similarity that the goods in question must be used together or that they are sold together.

80. The opponent submits that the parties' goods are identical or similar as set out in their table at page 5 of their written submissions. They submit that if genuine use is not found for any individual item then they rely on identity or similarity for the goods for which genuine use is found. The applicant denies that the respective goods are confusingly similar. I take the parties' submissions into account albeit I must make my own assessment of the similarity of the goods applying the case law and the fair specification I have found above.
81. The following terms are identical in both specifications: **pitchers; flower pots; drinking flasks for travellers; thermally insulated containers for food.**
82. A cabaret is a traditional name for a serving tray. The opponent's "cabarets (trays)" is therefore identical to the applicant's **servicing trays.**
83. The opponent's "table plates, not of precious metal" would fall within the applicant's wider term of **table plates** and is therefore identical on the *Meric* principle.
84. The applicant's **toothbrushes** would fall within the opponent's wider category of "brushes (except paint brushes)" and would therefore be identical on the *Meric* principle.
85. **Insulating flasks** keep liquids hot or cold until consumed and are produced in various sizes from large scale catering size flasks to individual travel size ones. The opponent's "drinking flasks for travellers" falls within that broader term and they are identical on *Meric* grounds.
86. **Lunch boxes** serve to keep food protected, together and are portable, so that the user can carry their lunch with them, away from home. They are also sometimes thermally insulated to keep food hot or cold until lunch time. They have a similar nature and use to the opponent's "thermally insulated containers

for food”, albeit the latter will always be thermally insulated. The users may overlap, the goods may have the same trade channels to market, are likely to be found on the same shelves or nearby and may be competitive. I find a medium degree of similarity. There is also some similarity between **Lunch boxes** and the opponent’s “kitchen containers” as both are vessels in which food can be kept together and protected. However, kitchen containers have a far more varied use and come in many different forms and sizes and are, by definition, designed to stay in the kitchen. Lunch boxes are also often designed with aesthetic considerations in mind, whereas kitchen containers are usually more functional in design. The users overlap, the goods have the same channels to market and are likely to be found on nearby shelves in a store. The goods may in some circumstances be competitive. Overall, there is a low to medium degree of similarity.

87. “Pottery” constitutes items made of fired clay and includes porcelain and earthenware. **Cups** and **coffee cups** can be made of porcelain, or earthenware or other pottery derivatives. Where cups and coffee cups are made of clay they would therefore fall within the opponent’s wider term of “pottery” and also potentially “goods made of porcelain” or “earthenware” depending upon their particular base material. The goods are therefore identical on the *Meric* principle. If I am incorrect then they are highly similar. The users are the same. Pottery, can encompass a wide range of plates, vessels or decorative items but when in the form of a drinking vessel has the same use and nature as a cup. They may reach the market via the same trade channels and would be found on the same retail shelves. The opponent’s “coffee services, not of precious metal” would also incorporate coffee cups and there would therefore be identical on the *Meric* principle or high similarity for the same reasons.
88. The applicant’s **teapots**, where made of porcelain, earthenware or other pottery derivatives, would be identical or highly similar with the opponent’s “pottery,” “goods of porcelain”, and “earthenware” for the same reasons. They are also

similar to a medium degree with the opponent's "coffee services, not of precious metal" given that would include a coffee pot which is highly similar to a tea pot in terms of use, user, distribution channels and they would be found close together on retail shelves.

89. The applicant's **tea services [tableware]** is a set of products used for serving tea and would include a teapot, milk jug, sugar bowl, tea cups and saucers. Again, these are all goods that can be made of porcelain or earthenware or other pottery based materials and they are therefore identical or highly similar to those terms. The applicant's **bowls; services [dishes]** (which would be a set of dishes for dining cooking and serving); **dishes;** and **tableware, other than knives, forks and spoons** would also be covered by the same analysis.
90. The applicant's **utensils for household purposes** would include kitchen utensils (handheld tools used for food preparation such as a fish slice or a can opener) and tools used in the wider household cleaning and maintenance (such as a dust pan and brush or a scrubbing brush). Various of the opponent's terms would therefore be identical on the *Meric* principle as they fall within the applicant's broad term, such as "non-electric kitchen utensils not of precious metal or coated therewith", and "brushes". Alternatively, there would be a high degree of similarity based upon similar users, uses and trade channels.
91. **Baby baths, portable** are a shaped basin, usually made of plastic, used for washing a baby. The opponent's specification includes "bowls (basins)" which are open containers, usually made of plastic, used for cleaning purposes, often placed within sinks. There is some similarity in use given a baby bath is used for washing a baby and a bowl (basin) for washing anything, which could include a baby. The users, being the general public, are the same. There is some overlap in trade channels in that both can be bought in supermarkets, department stores and online equivalents but baby baths can also be bought where bowls (basins) cannot and vice versa (such as baby and child focused retail stores or kitchen focused retail stores). They would not generally be found

on the same supermarket shelves and they are not generally competitive and are not complementary. There is a low degree of similarity.

92. **Drinking straws** are narrow tubes used for consuming beverages. In *Mediterranean Premium Spirits, SL v EUIPO* Case T-258/16 the General Court found that “household or kitchen utensils and containers” is a general category which included, amongst other things, cocktail straws being utensils typically found within kitchens. The goods were found to be identical or at least similar. Applying the same analysis there is identity on the *Meric* principle with the opponent’s “non-electric kitchen utensils and containers (not of precious metal or coated therewith)”. Alternatively, there would be a low to medium degree of similarity. The goods have the same users. Drinking straws facilitate the imbibing of drinks and are often found in household kitchens. They have a similar purpose to other kitchen utensils such as cutlery that facilitates the consumption of food and also a similar purpose with those kitchen containers which are drinking vessels (albeit kitchen containers is a far wider term covering a large variety of individual goods). The goods have the same distribution channels and would be found on nearby supermarket shelves.

The average consumer and the purchasing act

93. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods in question: *Lloyd Schuhfabrik Meyer*, Case C-342/97.
94. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

95. The opponent submits that the average consumer will be the public at large. Neither party has addressed the question of the level of attention paid. The goods in play are general household, dining, kitchen or personal care items. I agree the average consumer will be a member of the general public. The cost of the goods will vary from, for example, a low cost cup or a toothbrush, to an extensive and more expensive tableware service. However, the average consumer will wish to ensure that the goods meet their requirements as to type or size or design. Consequently, at least an average degree of attention will be paid to their selection.
96. The goods in play are sold through retail stores, such as high street shops, department stores, supermarkets and online equivalents. They will normally be chosen via self-selection from a shelf or a website, or perhaps from a catalogue. Whilst I do not rule out that there may be an aural component (advice may, for example, be sought from a shop assistant), when considered overall, the selection process will be largely visual.

Distinctive character of the earlier trade mark

97. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

98. The opponent has filed evidence in support of its proof of use claim but has not claimed an enhanced degree of distinctive character by virtue of the use made of it. Therefore, I need only consider the inherent distinctive character in the mark.
99. The opponent argues that the earlier mark has at least a moderate or a high level of inherent distinctiveness as the meaning has no particular connection with the goods in play. The earlier mark is not descriptive, allusive or suggestive of the goods or their characteristics. It is a standard English word, with which

the average consumer will be familiar. I therefore consider the earlier mark has a normal degree of distinctive character.

100. Even if the opponent had claimed an enhanced degree of distinctive character through use, it is clear from my findings above that the evidence provided would not be sufficient for me to conclude that the opponent could benefit from enhanced distinctive character through use. The financial figures provided are not sufficiently detailed and focussed, and I have no indication of the opponent's market share in a market that is likely to be sizeable.

Comparison of the marks

101. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The Court of Justice of the European Union stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“...it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

102. It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which

are not negligible and therefore contribute to the overall impressions created by the marks.

Overall Impression

103. The opponent submits that the average consumer is likely to perceive SMILEY as having independent distinctiveness within SMILEYGROWTH and that it is the dominant first word. The applicant denies that the marks are confusingly similar.
104. The earlier mark is the word SMILEY. The overall impression rests in that word alone.
105. The applied for mark is the word SMILEYGROWTH. The average consumer would recognise it as an invented word constructed of two recognisable components: SMILEY and GROWTH. The absence of a space between the two words does not alter this impression.
106. Some average consumers will perceive this as the juxtaposition of the two recognisable components with no obvious semantic link between them. For these average consumers neither component dominates the other and both components play an equal role in the overall impression. Both components retain their independent meanings. Alternatively, some average consumers may interpret the mark as a combination of the two components forming a neologism. Either way the overall impression rests in the whole mark.

Visual Similarity

107. The opponent submits that the marks are strongly visually similar as the earlier mark is the dominant first word in the applicant's mark and average consumers will pay greater attention to the start of the mark.

108. The case law cited by the opponent shows this may be a general rule of thumb. However, the case law is also clear this does not apply in every case and each must be decided on its own facts¹⁵. Here the earlier mark is subsumed in its entirety into the first six letters of the longer, applied for mark. This and the fact it strikes the consumer first at the start of the mark does provide an obvious point of visual similarity. The difference lies in the additional six letters GROWTH in the applied for mark which visually will be noticed. Overall, this produces a medium degree of visual similarity between the marks.

Aural Similarity

109. The opponent argues that the common element SMILEY will be pronounced identically in both marks and that the addition of GROWTH in the applied for mark is not sufficient to avoid phonetic similarity.

110. The earlier mark will be pronounced entirely conventionally as the common two syllable word SMY-LEE. The applied for mark starts with the same two syllable word which strikes the ear first followed by the additional one syllable common word GROWTH, which will also be given its ordinary pronunciation. The similarity lies in the first two common syllables and the difference in the third additional syllable in the applied for mark. Overall there is a medium degree of aural similarity.

Conceptual Similarity

111. The opponent submits that the marks are conceptually very similar as they both contain SMILEY. They state:

“This element will be interpreted by the relevant public as “*smiling, cheerful*” or “*a symbol representing a smiling face that is used in written*”

¹⁵ See for example paragraph 23 of *Spa Monopole v OHIM* T-438/07

communication to indicate that the writer is pleased or joking, especially one formed by characters”.

They state that the additional term of GROWTH does not reduce the high level of conceptual similarity. They define growth as “*the process of increasing in amount, value or importance*” or “*the process of increasing in size*” and submit it is not sufficient to alter the conceptual meaning of SMILEY.

112. For a conceptual message to be relevant it must have a clear and specific meaning and be capable of immediate grasp by the average consumer¹⁶. Further, although the consumer normally perceives a mark as a whole and does not proceed to analyse its various details, when perceiving a word sign they are likely to break it down into word elements which suggest a concrete meaning or resemble known words¹⁷.
113. I agree that the average consumer will understand SMILEY to mean smiling or cheerful or happy. There is no evidence before me as to the propensity for the average consumer to bring to mind a smiley face symbol or emoji. I am mindful of the risk, highlighted by the Appointed Person in *Chorkee Ltd* O-048-08, of, in the absence of evidence, using judicial notice to ascribe a certain understanding to the average consumer. In particular, the Appointed Person stated:

“Judicial notice may be taken of facts that are too notorious to be the subject of serious dispute. But care has to be taken not to assume that one’s own person experience, knowledge and assumptions are more widespread than they are.”

¹⁶ T-185/02 *Ruiz Picasso and Others v OHIM – DaimlerChrysler (PICARO)* [2004] paragraph 56

¹⁷ T-256/04 *Mundipharma v OHIM – Altana Pharma (RESPICUR)* [2007] paragraph 42

114. It is in my view undisputable that there is a high degree of usage amongst the general public of mobile phones, tablets and other electronic equipment to send emails, messages or communicate on social media. Within that, it is my experience, as a member of that general public, that emojis or emoticons are often used to give some sentimental context to the communication (laughter, happiness, sadness, anger, surprise etc). Whilst I am cautious about assuming that experience is widespread, set in the context of the general high usage of social media and the digital communications identified, I do consider that here there is sufficient basis for me to agree that some average consumers may also perceive SMILEY as referring to the symbol of a smiling face.
115. As set out above, some average consumers will see the applied for mark as an invented word made up of two recognisable elements juxtaposed with no conceptual link between them. They will perceive the first element SMILEY in exactly the same way as the earlier mark. The second element, GROWTH, will convey a broad concept of something increasing in size and creates a conceptual difference. Both words retain their own independent meanings. Overall for those average consumers there is a medium degree of conceptual similarity due to the common SMILEY element.
116. Some average consumers will read the applied for mark as a whole, with the “growth” qualifying the “smiley”. It will evoke a meaning of a smiley symbol expanding in size or number, or the concept of a smile or smiles or happiness growing bigger or spreading. Here the SMILEY element retains the same conceptual meaning as it does for the earlier mark with the added concept of it growing in some way. This creates some conceptual difference but that difference is limited by the fact it is the same SMILEY concept that is subject to the growth. Overall, for these average consumers the degree of conceptual similarity with the earlier word mark remains medium

Likelihood of Confusion

117. There is no simple formula for determining whether there is a likelihood of confusion. The factors considered above have a degree of interdependency (*Canon* at [17]). I must make a global assessment of the competing factors (*Sabel* at [22]), considering the various factors from the perspective of the average consumer and deciding whether the average consumer is likely to be confused. In making my assessment, I must keep in mind that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind (*Lloyd Schuhfabrik* at [26]).

118. Confusion can be direct or indirect. Direct confusion involves the average consumer mistaking one mark for the other. The concept of indirect confusion was explained by Iain Purvis Q.C., sitting as the Appointed Person, in *L.A. Sugar Limited v By Back Beat Inc*, BL O/375/10 as follows:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning– it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later

mark as a whole, I conclude that it is another brand of the owner of the earlier mark”.

17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

119. In *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/1 the Appointed Person emphasised that the examples given by Mr Purvis in *L.A. Sugar* were intended to be illustrative in the context of that case, and not to impose rigid rules.¹⁸ The categories of case where indirect confusion may be found are not closed. Each case must be assessed on its own facts and the assessment must take account of the overall impression created by the marks. The Appointed Person emphasised the

¹⁸ See *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/17 at paragraphs [81] to [82]

importance of envisaging the instinctive reaction in the mind of the average consumer when encountering the later mark with an imperfect recollection of the earlier. Ultimately, the assessment is whether the average consumer will make a connection between the marks and assume that the goods or services in question are from the same or economically linked undertakings. He stressed that a finding of indirect confusion should not be made simply because the two marks share a common element. He pointed out that it is not sufficient that a mark merely calls to mind another mark as this is mere association not indirect confusion.

120. The opponent argues that there is a clear likelihood of confusion that goods sold under the applicant's mark originate from the opponent or at the very least from economically linked undertakings. They submit that the word element "growth" will convey to consumers an impression that the applicant's mark is a variation of the SMILEY brand, potentially conveying an expansion of the product range. The applicant denies that a likelihood of confusion exists and puts the opponent to proof.
121. I have found that the average consumer is likely to pay at least an average level of attention in the selection of the goods, which will be primarily a visual process, albeit I do not entirely discount aural considerations. The earlier mark has an average degree of distinctiveness. The marks have a medium degree of visual and aural similarity and a medium degree of conceptual similarity. The goods range in similarity from low to highly similar and identical.
122. As far as direct confusion is concerned, the marks are sufficiently different that, even taking into account the effects of imperfect recollection and the degree of attention paid, the average consumer is not likely to directly confuse the marks. The conjoining of the word elements to form SMILEYGROWTH is sufficiently unusual it prevents the consumer

misremembering or mistaking the marks and being confused. This applies irrespective of whether the average consumer simply sees SMILEYGROWTH as made up of two separate, unrelated word elements, or if they perceive an overarching unitary meaning.

123. There is, however, a likelihood of indirect confusion. The earlier mark's overall impression and distinctiveness lies in its word SMILEY. Whilst I have found the word has an average degree of inherent distinctiveness, it is not allusive and it creates a conceptual message for the average consumer that they will associate with the SMILEY mark and its owner. For those average consumers who see SMILEYGROWTH as two distinct, independent components and who are familiar with the earlier mark and are later exposed to the applied for mark, the SMILEY component retains the same conceptual message as the earlier mark. That recognisable SMILEY element will function to indicate a same stable brand. The average consumer's instinctive reaction when faced with the applied for mark in the purchasing process, will therefore not simply be to bring to mind the earlier mark but will be to assume there is an economic connection between the two undertakings. The additional GROWTH component will be seen as a variant branding or an extended range. I consider this to be the case irrespective of the degree of similarity of the goods. The goods are within a market in which brand variants and extensions in conjunction with house marks are common, as is clear from the evidence provided by the opponent.

124. This remains the case for those average consumers who see SMILEYGROWTH as being a combination of the two components forming a neologism. When assessing the likelihood of confusion and the overall impression, I have to take account of the blend of meaning given by the applied for mark compared against the single term earlier mark. In the applied for mark, the SMILEY component, that is qualified by and is subject to the GROWTH, still generates the same SMILEY

concept as the earlier mark which is now “growing” in some way. It will still prompt an instinctive reaction in these average consumers of a same stable SMILEY brand that is being varied or extended. The concept of a smiley symbol growing or expanding in some way, or a sense of smiles or happiness growing or spreading will reinforce, rather than create a disconnection with, the notion of a brand extension or variant branding.

Conclusion

125. The opposition succeeds and the registration is refused.

Costs

126. The opponent has been successful and is entitled to a contribution towards its costs. I bear in mind the relevant scale contained in Tribunal Practice Note 2/2016, and award costs to the opponent as follows:

Official fee	£100
Preparing the notice of opposition and considering the counter statement	£300
Preparing evidence and submissions	£800
Total	£1200

127. I order SK SMILEYGROWTH INT’L CO., LTD to pay THE SMILEY COMPANY SPRL the sum of £1200. This sum is to be paid within 14

days of the expiry of the appeal period or within 14 days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated 22 February 2019

**Rachel Harfield
For the Registrar**